

CONFIDENTIAL CLAIM RETRACTEDDATE: 5/16/13 AUTHORIZED BY: [Signature]

TO: Governor Delfino Begay

September 28, 1989

FROM: Jim Olsen, Jr., P.E.-Reclamation Project Manager *[Signature]*

SUBJ: Project Approvals-Upcoming Deadlines & Options

On October 17, 1989, the Laguna Construction Company's authorizations to perform work on the Jackpile Reclamation Project will expire. The interim funding for the General & Administrative costs will cease and, technically, no more work or the start-up of any new Work Packages will be allowed without Council Approvals.

There are still many outstanding items which must be addressed by Council, i.e., approvals of the Health & Safety, Environmental Monitoring plans, Regulatory Compliance plan, Work Specifications & Inspection Procedures, etc. The status of these is shown on the attached Suspense Log. The Agreement for Construction Services is still not ready but is expected in draft-form by September 29 to be given to LCC for review. The 100% Designs are still under review and some concerns have already been raised about the final cost estimates. The 1st Year Operating Plan was only received on September 25th from Jacobs and is now under review and revision. It is considered unlikely that all of these items could be presented and approved by October 17 for the following reasons:

- 1) Although the various plans will be reviewed & submitted by the RPM, each one must still be presented to the Council for their review and formal approval. Six of these plans would be ready for review within the next two weeks but the time constraints are significant from a Council project perspective.
- 2) The 100% Designs have been under review for the past two weeks. The cost estimate from the 90% Designs has been cut by \$9 million or about 25%. Some concern has been raised that these cuts (primarily in the equipment operating costs) are unrealistic and we may be understating what the actual costs will be. Although portions of the design appear adequate, the erosion control sections and final slopes still need an outside review by a third-party. This cannot be accomplished in the near-term and the BIA in Washington has denied the funding request. A copy of this letter is attached. Partial approval of some sections of the 100% Designs could be done but some are unacceptable in their current form.



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- 3) The 1st Year Operating Plan reflects the latest

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cost data so the concern previously raised on the equipment costs is "built in" to the operating plan. The 1st Year Plan shows an estimated cost of \$14.9 million. However, \$9.1 million is for the equipment and \$640,000 for Mobilization is included. These two items have already been authorized by Council so the remaining \$5.2 million is for Work Packages which must be presented and approved. The plan is based on an October 1, 1989 start-up date and does not reflect any changes which have taken place or are known to now be different, i.e., the RPM Budget, etc. Since the approvals cannot be met by October 1, the schedule is already obsolete and will not accurately reflect the proposed expenditures between now and June 30, 1990.

- 4) The Agreement for Construction Services between LCC and the Pueblo is still in draft form and will have to be presented and approved. Technically, there is no agreement after October 17.
- 5) It has been recommended that the environmental monitoring program be in-place prior to construction and it would also be prudent to be monitoring the LCC employees during the mobilization phase. The ICMC is expecting proposals back from three different environmental contractors by the first week of October. These will need to be evaluated and a selection made so the program can be started as soon as possible. This, too, puts pressure on the available time.

Although some of these items could be presented for Council review and approval in the next few weeks, it is concluded that there would be very serious deficiencies in the presentation and approval process to try to meet a mid-October deadline. There are several options available for your's and Staff consideration:

OPTION 1: If the needed agreements and approvals are not in-place by the October 17 expiration date, allow the LCC (and the ICMC) to cease work or only complete that which has been formally authorized by the Council. Continue with completing all the outstanding work plans and schedule presentations and approvals with Council. Do not let any further work on the Project continue until ALL approvals are in-place. There are some negative consequences to this option. The Project completion will be delayed and the work stoppage will probably involve layoff of current employees until the

OPTION 1 cont'd

approvals and agreements are completed. This will basically involve another "start up" and lose the momentum already established through the mobilization work. The LCC will have to "pull back" due to lack of approved funding. A certain amount of Overhead costs will have to be absorbed with no production charged against it.

OPTION 2: Continue emphasis on completing and presenting the work plans to Council as their availability dictates. Authorize through a "Special Resolution" some interim funding for 45 to 60 days and try to get all the approvals in-place by the end of the calendar year.

OPTION 3: Specially authorize some very specific Work Packages and pay for the work on a Time and Materials and allow LCC's General and Administrative costs to continue at the approved rate of \$176,000/quarter. Continue until approvals can be obtained. This could be the environmental work, moving of the first of the protore piles, and dewatering, etc. The actual work items would be further defined.

OPTION 4: Schedule several extra sessions for the Council to consider the remaining items and attempt to complete them as close to the October 17 deadline as possible. Beyond that date, significant reviews will not be necessary. That way, this option is probably the best.

OPTION 5: Some combination of the above Options that would meet Administration & Council concerns.

It is requested that you and your Staff consider this report and advise as to a course of action. Please contact me if you require any further information or clarification.

cc- Council-Lucero-1st Lt. Governor
Victor Sarracino-Secretary
Wil Herrera-Treasurer

RECLAMATION PROJECT MANAGER--UPDATE

9/28/09

TO: Governor Delfino Begay

FROM: Jim Olsen, Jr., P.E.--RPM--POL

1) Jacobs Engineering supplied the computer, cost & schedule program, discs, and other items. These were transmitted to Bradbury & Stamm who will keep the computer at their construction trailer at the Project site.

2) The Final Environmental Monitoring Plan and Health & Safety plans were received and reviewed. They are ready for presentation and consideration by Council.

3) Final comments on the RFP for the CMC, Inspection Plan, Work Specifications, and Regulatory Compliance Plan are expected to be sent to Jacobs Engineering by September 30. All comments from BIA, LCC, ICMC, and RPM are included.

4) The BIA has denied funding for the outside review of the Designs. This review is still considered to be essential and the final Designs cannot be approved without some additional third party review.

5) A detailed description of upcoming time & schedule constraints (with options) has been prepared for your review.

6) The latest billing from LCC has been reviewed, approved, and given to the Treasurer's office for payment.

7) Difficulties with the pipe coupling at the pump in the North Paguate pit have delayed dewatering. Pumping will only be done on a "test" basis this week. The final Accidental Discharge Plan will be completed by LCC this week.

8) Council approval on the RPM budget is pending.

9) The ICMC will be purchasing a printer to accompany the already-obtained computer for the project site. They have also received a bid on the required weather station which looks like will meet the project requirements.

10) LCC has begun demolition of the old Housing Area. Evaporation ponds are being constructed in the Jackpile Pit with the newly arrived D-10 dozer.

11) The ICMC has been directed to begin work on obtaining the "404" Permit from the Corps of Engineers which will be necessary for the Rio Moquino re-location. This activity is supposed to occur during the first year of the project.

RPM SUSPENSE LOG

as of 9/28/89

ITEM ****	STATUS *****	EST. COMPLETION *****	REMARKS *****
RPM Budget	Reviewed by Staff	9/27/89	Ready for Council review.
Paguate Seismic Study	Funding denied	?	Funding denied by
Health/Safety	Comments finished	9/28/89	POL Should adopt Present to Council
Environmental Monitoring Plan	Comments finished	9/25/89	POL Should adopt Present to Council
Inspection Plan	Comments back to Jacobs Engineering	9/30/89	Comments sent to Jacobs by Sept. 30
Regulatory Compliance	Reviewed by Les Taylor Pueblo Attorney	9/30/89	Comments sent to Jacobs by Setp. 30
100% Designs	Internal review	10/8/89	Comments to follow upon receipt
Specifications	Comments finished done by 9/8/89	9/30/89	Comments sent to Jacot by Sept. 30
RFP for Const. Contract Mgt.	Commentss finished by RPM & BIA	9/30/89	Comments sent to Jacot by Sept. 30
Bur-Reclamation Review	Funding denied	?	For design and work package review
1st Year Oper. Plan	Rec'd 9/25/89, internal review	10/15/89	Comments to go back to Jacobs Eng.
Changes to Project Mgt. Plan			Other issues being identified as they arise.
Interim Envir- onmental Mon- itoring Program	RFP from ICMC expected 10/5/89	10/05/89 10/17/89	To put in-place the needed monitoring prior to large-scale activities POL-EPA01-0008885

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Building Salvage
or removal

POL-Council &
Staff decisions

ASAP

will affect LCC
demolition plan

Council
Approvals for
1st year
Health/Safety
Environmental
etc.

to be submitted
as needed

12/31/89

To have all needed
approvals

SEE MEMO ON "Project Approvals-Upcoming Deadlines & Options" for more detailed
explanation on approval & schedule problems.